

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL****FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER:

01 — 010

2. STATE:

CT

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE

10-01-01

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION: 42CFR447.253

Section 1923(c) of the Social Security Act

7. FEDERAL BUDGET IMPACT:

a. FFY 2002 \$ (\$99.1 million)

b. FFY 2003 \$ (\$99.1 million)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19

Pages 7

11

12 (New)

13 (New)

14 (New)

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

Attachment 4.19A

Pages 7

11

12

10. SUBJECT OF AMENDMENT: Additional Disproportionate Share Payments for Short-Term General
Hospitals that provide uncompensated care; Additional Disproportionate Share Payments
for Short-Term General Hospitals in Distressed Municipalities that provide uncompensated
care.

11. GOVERNOR'S REVIEW (Check One):

- ☐
- GOVERNOR'S OFFICE REPORTED NO COMMENT
-
- ☐
- COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
-
- ☐
- NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Michael P. Starkowski

14. TITLE:

Deputy Commissioner

15. DATE SUBMITTED:

September 26, 2001

16. RETURN TO:

Donald Iodice
Department of Social Services
25 Sigourney Street
Hartford, CT 06106

17. DATE RECEIVED:

9/28/01

FOR REGIONAL OFFICE USE ONLY

18. DATE APPROVED:

2/12/02

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

10/1/01

20. SIGNATURE OF REGIONAL OFFICIAL:

Learna Remand for R. Preston

21. TYPED NAME:

Ronald Preston

22. TITLE:

Associate Regional Administrator (Medica)

23. REMARKS:

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STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State Connecticut

- (8) Additional Disproportionate Share Payments for Private Acute Care Hospitals (short-term General Hospitals) which provide Uncompensated Care under Section 1923 of the Social Security Act.

In addition to the disproportionate share payments set forth in previous sections, disproportionate share payments are made to any qualifying short-term General Hospital lawfully operating within the state which provides uncompensated care. Short-term Children's General Hospitals as defined at Section 19-13-D1(b)(A) of the Public Health Code of the State of Connecticut and short-term acute care hospitals operated exclusively by the state other than a short-term acute care hospital operated by the state as a receiver are specifically excluded under this Section in accordance with Public Act 97-2 Public Act 99-173, respectively, of the Connecticut General Assembly.

CRITERIA - In order to qualify as a disproportionate share hospital under this section, a hospital must meet the two following conditions.

1. Be a lawfully operating acute care hospital within the State providing uncompensated care services.
2. Each hospital must meet the requirements of Section 1923 (d) of the Social Security Act.

PAYMENT ADJUSTMENT - Uncompensated care includes the actual cost of care provided free of charge as either bad debt or charity care and the difference between the costs incurred and the payments received by disproportionate share hospitals in provided services to patients eligible for the State Medical Assistance Program and the General Assistance Program. The single state agency makes payments to qualified disproportionate share hospitals based upon the costs they incurred for uncompensated services, any residual obligations or settlements outstanding from the Connecticut Uncompensated Care Program, the federal upper limit on aggregate state disproportionate share payments which are eligible for federal matching payments, and the amount determined to be available under state law.

The Commissioner of DSS determines the amount of the disproportionate share payments to be made under this section based on information provided by the Office of Health Care Access (OHCA). The source data for calculating payments is based on data from OHCA.

TN# 01-010

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Effective Date 10-1-01

Supersedes
TN# 99-008

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STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
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- (B) Calculate the sum of the result of subdivision (A) of this subsection for all hospitals.
 - (C) Divide the result of (A) by the result of (B)
 - (D) The disproportionate share payment shall be the result of multiplying the amount available for disproportionate share payment adjustments by the result of (c).
- II. Any residual payments which may be made for audit adjustments and other payment adjustments pursuant to the termination of the uncompensated care pool.
- III. Payments will be made on a periodic basis. For federal fiscal years beginning October 1, 1999 all disproportionate share payments made under this section, including reallocation of payments to hospitals in order to comply with the upper payment limit on hospital disproportionate share payment adjustments, shall be deemed final except that disproportionate share payments made under this section may be adjusted in order to comply with other federal requirements. Adjustments may also be made to individual hospital payments at the discretion of the Commissioner as a result of failure to meet state statutory requirements.
- IV. **[NEW] For the quarter ending September 30, 2001, no negative adjustment to the disproportionate share payments to hospitals for purposes of implementing the final one-quarter of the disproportionate share final settlement for the hospital fiscal year commencing October 1, 1998 shall be made. Any hospital with a positive adjustment to the disproportionate share payments for purposes of implementing the remaining one-quarter of the hospital fiscal year 1999 disproportionate share final settlement shall receive payment of the adjustment through funds appropriated for said purpose.**

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Supersedes
TN# 99-008

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STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
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- v. **[NEW]** For the fiscal quarter ending September 30, 1998, or the hospital fiscal year ending September 30, 1999, the Department may, within available appropriations, make payment of any final settlement amount determined to represent any and all claims arising out of any incorrect payments to any teaching hospital located in a distressed municipality, as defined in section 32-9p of the Connecticut General Statutes. For the purpose of this section, a teaching hospital is defined as a short-term General Hospital that has an on-site accredited university curriculum for the training of physicians, which is not also a state facility.

TN# **01-010** Approval Date 2/12/02 Effective Date 10-1-01

Supersedes
TN# NEW

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STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
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- (9) **(NEW)** Additional Disproportionate Share Payments to short-term General Hospitals located in distressed municipalities, as defined in section 32-9p of the Connecticut General Statutes, with a population greater than seventy thousand that provide uncompensated care under section 1923 of the Social Security Act.

In addition to the disproportionate share payments set forth in previous sections, disproportionate share payments are made to any qualifying short-term General Hospital lawfully operating within the state which provides uncompensated care within a distressed municipality, as defined in section 32-9p of the Connecticut General Statutes, with a population greater than seventy thousand.

CRITERIA – In order to qualify as a disproportionate share hospital under this section, a hospital must meet the three following conditions:

- I. Be a lawfully operating short-term General Hospital providing uncompensated care services.
- II. Be located within a distressed municipality as defined in section 32-9p of the Connecticut General Statutes, with a population greater than seventy thousand.
- III. Each hospital must meet the requirements of section 1923(d) of the Social Security Act.

PAYMENT ADJUSTMENT – Uncompensated care includes the actual cost of care provided free of charge as either bad debt or charity care and the difference between the costs incurred and the payments received by disproportionate share hospitals in providing services to patients eligible for the State Medical Assistance program, the State Administered General Assistance Program, the general Assistance program, and payments received under sections 5 through 8 of Attachment 4.19A of the Medicaid State Plan pertaining to disproportionate share payments to hospitals.

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Payments shall be made to each of the qualifying short-term general hospitals on a quarterly basis as follows:

1. For each of the qualifying hospitals based on the most recently filed cost report period, calculate a ratio of the number of inpatient hospital discharges paid for by Medicaid on a fee-for-service basis to the total number of inpatient hospital discharges paid for by Medicaid on a fee-for-service basis.
2. For each qualifying hospital, multiply the amount appropriated for payments under this section by the ratio calculated in (1) above.

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TN# NEW

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**THE CONNECTICUT MEDICAID AGENCY ASSURANCES
APPLICABLE TO MEDICAID INPATIENT HOSPITAL AND
DISPROPORTIONATE SHARE PAYMENTS**

- A. The Department of Social Services, as the single-State agency responsible for administration of the Medicaid program, makes the following assurances:
1. The State of Connecticut pays for inpatient hospital services through the use of rates that are reasonable and adequate to meet the costs that must be incurred by efficiently and economically operated providers to provide services in conformity with applicable State and Federal laws, regulations, and quality and safety standards. These rates are determined in accordance with the methods and standards established under the State Plan and Section 17-312-102 through 17-312-105 of the Regulations of Connecticut State Agencies and reflect pre-BBA of 1997 Medicare TEFRA Reimbursement Principles including the OBRA 90 modifications to that methodology except effective October 1, 1999 there is no annual update factor applied to cost per discharge. The Department can assure pursuant to 42 CFR447.272 that aggregate payments to hospitals do not exceed the amount that can reasonably be estimated would have been paid under Medicare payment principles.
 2. The methods and standards used to determine payment rates for inpatient hospital services take into account the situation of hospitals that serve a disproportionate number of low-income patients with special needs. This is accomplished through the use of the Medicare disproportionate share adjustment methodology established under Section 1886(d)(5)(F)(iv) of the Social Security Act. Therefore, the Department can assure that payment rates take into account the situation of hospitals which serve a disproportionate number of low-income patients with special needs pursuant to Section 1902(a)(13)(A)(iv).

Additional Categories of Hospitals Qualified for Disproportionate Share Payments

- a) Disproportionate share payments to hospitals qualifying for such payments as a result of providing treatment services to low-income persons determined eligible for financial and/or medical assistance under the State General Assistance Program.
- b) Disproportionate share payments to hospitals qualifying for such payments as a result of providing treatment services to uninsured or underinsured children under the jurisdiction of the Commissioner of Children and Families.

- c) Disproportionate share payments to psychiatric hospitals qualifying for such payments as a result of having a high percentage of uncompensated care.
 - d) Disproportionate share payments to acute care hospitals qualifying for such payments as a result of providing uncompensated care.
- 3. State Plan Amendment 01-010 makes four changes to the State Plan.
 - a) The definition of Section 8, "Additional Disproportionate Share Payments for Private Acute Care Hospitals (short-term General Hospitals) which Provide Uncompensated Care under Section 1923 of the Social Security Act", has been changed to delete an obsolete reference to short-term Children's General Hospitals.
 - b) Also in Section 8, a new subsection 3.(IV) has been added to provide that no negative adjustment to the disproportionate share payments to hospitals for the final one-quarter of the settlement for the hospital fiscal year commencing October 1, 1998 shall be made. Positive adjustments as a result of the settlement of disproportionate share payments for the same period will be made.
 - c) Also in Section 8, a new subsection 3.(V) has been added which provides for additional payments to settle any incorrect payments to teaching hospitals located in distressed municipalities for the fiscal quarter ending September 30, 1998 or the hospital fiscal year ending September 30, 1999.
 - d) It adds a new Section (9), "Additional Disproportionate Share Payments to short-term General Hospitals located in distressed municipalities, as defined in section 32-9p of the Connecticut General Statutes, with a population greater than seventy thousand that provide uncompensated care under section 1923 of the Social Security Act.
- 4. The Department has complied with the public process requirements of the Balanced Budget Act of 1997 by publishing notice of the State Plan Amendment and making available to the public proposed and final rates, methodologies and justifications (copy attached).
- 5. The State Plan specifies comprehensively the methods and standards used to set Medicaid rates in accordance with 42 CFR430.10 and 447.252

B. Related information as required by 42 C.F.R., Part 447, Subpart C:

1. As indicated in Attachment A, the estimated average payment rate as of the effective date of the proposed amendment and the estimated average payment rate for the immediate preceding period is \$22,872.
2. Additional categories of disproportionate share payments are made in the form of direct payments for services and are not included as part of payments made on behalf of Medicaid recipients.

Estimates of disproportionate share hospital payments for additional categories of hospitals are as follows (Estimates of gross amounts for FFY 2002):

- a) Hospitals qualifying for payments for services provided to low-income persons eligible for the State General Assistance Program:

\$28,199,438. - Estimate based upon prior year expenditures adjusted for expected growth in the number of eligible and applicable rates.
- b) Hospitals qualifying for payments for services provided to uninsured children under the jurisdiction of the Commissioner of Children and Families:

\$1,245,646. - Estimate based upon prior year expenditures of the Commissioner and applicable rates.
- c) Psychiatric hospitals qualifying for payments for services provided to low-income persons:

\$87,643,130.- Estimates based upon an analysis of the number of uncompensated services at psychiatric hospitals expected to qualify for payments and applicable rates.
- d) Acute care hospitals qualifying for payments for uncompensated care:

\$85,000,000. - Estimates of uncompensated care are derived from cost reports submitted to the Office of Health Care Access, which is the government agency responsible for hospital budget review and audit reporting.
- e) Final quarter adjustments to the uncompensated care pool.

\$4,900,000 – Estimate of the impact of not taking any negative adjustments for disproportionate share payments for hospital fiscal year 1999.

- f) Final settlement for disproportionate share payments for hospital fiscal year 1999 for teaching hospitals located in distressed municipalities.

\$7,000,000..Estimate of the settlement of disproportionate share payments to teaching hospitals located in distressed municipalities.

- g) Disproportionate share payments to hospitals located in distressed municipalities.

\$15,000,00 ..Estimate of the amount of new disproportionate share payments to hospitals located in distressed municipalities as defined in section 32-9p of the Connecticut General Statutes.

C. State Assurances Required by P.L. 102-234, 42 C.F.R. 447.272(c):

- 1. Aggregate disproportionate share payments to hospitals will not exceed the State's base disproportionate share hospital payment adjustment allotment.

D. State Assurances pursuant to section 1923(g) of the Social Security Act.

- 1. Disproportionate share payment adjustments to hospitals will not exceed the limitations described at section 1923(g) of the Social Security Act.

Attachment A

State Plan Amendment 01-004
Effective 1/1/01

	<u>Annualization of Costs Pre-Plan Change</u>	<u>Annualization of Costs Post Plan Change</u>
Medicaid Service Payments ¹	\$141,000,000	\$141,000,000
Medicaid DSH Payments ²	\$328,000,000	\$228,900,000
Total Hospital Payments	\$430,000,000	\$369,900,000
Medicaid Discharges ³	18,800	18,800
Cost Per Discharge	\$22,872	\$19,676

[1] Estimated expenditures for fee-for-service inpatient acute care hospital services only.

[2] Reflects reduced allotment in Balanced Budget Act for FFY 2000.

[3] Fee-for-service discharges only. Excludes discharges paid for through managed care plans.

NOTICE OF PROPOSED CHANGES TO THE STATE MEDICAID PLAN PERTAINING TO CLAIMS FOR FINANCIAL PARTICIPATION

The Department of Social Services proposes to revise its Medicaid State Plan effective October 1, 2001 in accordance with Public Act 01-3 as follows:

1. The definition of Section 8, "Additional Disproportionate Share Payments for Private Acute Care Hospitals which Provide Uncompensated Care Under Section 1923 of the Social Security Act", has been changed to exclude an obsolete reference to short-term Children's General Hospitals.
2. Section 8, "Additional Disproportionate Share Payments for Private Acute Care Hospitals which Provide Uncompensated Care under Section 1923 of the Social Security Act", has been revised to provide that no negative adjustment to the disproportionate share payments to hospitals for purposes of implementing the final one-quarter of the disproportionate share final settlement for the hospital fiscal year commencing October 1, 1998 shall be made. Any hospital with a positive adjustment to the disproportionate share payments for the purposes of implementing the remaining one-quarter of the hospital fiscal year 1999 disproportionate share final settlement shall receive payment of the adjustment.
3. Also under Section 8, for the fiscal quarter ending September 30, 1998, or the hospital fiscal year ending September 30, 1999, the Department may, within available appropriations, make payment of any final settlement amount determined to represent claims arising out of incorrect payments to any teaching hospital located within a distressed municipality as defined in section 32-9p of the Connecticut General Statutes.
4. The State Plan Amendment also establishes a new Section 9, "Additional Disproportionate Share Payments to short-term General Hospitals located in distressed municipalities as defined under section 32-9p of the Connecticut General Statutes". Each of the qualifying hospitals will be paid based on a ratio of the number of inpatient hospital discharges paid for by Medicaid on a fee-for-service basis at each hospital to the total number of inpatient hospital discharges paid for by Medicaid on a fee-for-service basis statewide, multiplied by the amount of the appropriation. Payments will be made quarterly.
5. The proposed changes are intended to reduce the amount of retroactive adjustments to disproportionate share payments and to provide additional assistance to hospitals located in distressed municipalities.

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6. The proposed changes are consistent with the budget approved by the General Assembly which is expected to result in a reduction of \$ 99.1 million in hospital disproportionate share payments in SFY 2002.

Copies of the proposed changes may be found in each of the following locations:

Social Services
Bridgeport Office
925 Housatonic Avenue
Bridgeport, CT 06604

Social Services
Bristol Office
45 North Main Street
Bristol, CT 06010

Social Services
Danbury Office
405 Main Street
Danbury, CT 06810

Social Services
Hartford Office
3580 Main Street
Hartford, CT 06120

Social Services
Manchester Office
669 East Middle Turnpike
Manchester, CT 06040

Social Services
Meriden Office
55 West Main Street
Meriden, CT 06450

Social Services
Middletown Office
117 Main Street
Middletown, CT 06457

Social Services
New Britain Office
270 Lafayette Street
New Britain, CT 06053

Social Services
New Haven Office
194 Bassett Street
New Haven, CT 06511

Social Services
Norwalk Office
7 Concord Street
Norwalk, CT 06854

Social Services
Norwich Office
Uncas on Thames Campus, Suite 201
401 West Thames Street
Norwich, CT 06360

Social Services
Stamford Office
1642 Bedford Street
Stamford, CT 06905

Social Services
Torrington Office
62 Commercial Boulevard
Torrington, CT 06790

Social Services
Waterbury Office
249 Thomaston Avenue
Waterbury, CT 06702

Social Services
Willimantic Office

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676 Main Street
Willimantic, CT 06226

1. Written comments may be sent by October 12, 2001 to:

Director of Medical Care Administration
Department of Social Services
25 Sigourney Street, 11th Floor
Hartford, CT 06106

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CONNECTICUT DEPARTMENT OF SOCIAL SERVICES REGIONAL OFFICE/CENTRAL OFFICE LISTING

COMMISSIONER	DEPUTY COMMISSIONER, PROGRAMS	DEPUTY COMMISSIONER, ADMINISTRATION
Patricia A. Wilson-Coker 25 Sigourney Street Hartford, CT 06106	Rita M. Pacheco 25 Sigourney Street Hartford, CT 06106	Michael P. Starkowski 25 Sigourney Street Hartford, CT 06106
Phone: (860) 424-5008	Phone: (860) 424-5004	Phone: (860) 424-5053
Fax: (860) 424-5129	Fax: (860) 424-4899	Fax: (860) 424-5057

REGIONAL OFFICES	NORTH CENTRAL	SOUTH CENTRAL	SOUTHWEST	EASTERN	NORTHWEST
	Silvana Flattery Regional Administrator 3580 Main Street Hartford, CT 06120	Robert Lucash Regional Administrator 194 Bassett Street New Haven, CT 06511	Frances Tripp Regional Administrator 925 Housatonic Avenue Bridgeport, CT 06604	Ronald DeLuca Regional Administrator 401 West Thames Street Norwich, CT 06360	Sandee Sorel-Leduc Regional Administrator 249 Thomaston Avenue Waterbury, CT 06702
	Phone: (860) 723-1111	Phone: (203) 974-8245	Phone: (203) 551-3000	Phone: (860) 823-5050	Phone: (203) 597-4001
	Fax: (860) 566-5884	Fax: (203) 789-6488	Fax: (203) 579-6176	Fax: (860) 889-9998	Fax: (203) 597-4137
SUB OFFICES	Bertha Baker/Ken Derrick 669 East Middle Turnpike Manchester, CT 06040	Lucio Hidalgo 117 Main Street Ext., Middletown, CT 06457	Elizabeth Turner 7 Concord Street Norwalk, CT 06854	Kathryn Talbot 676 Main Street Willimantic, CT 06226	Al Matheson 405 Main Street Danbury, CT 06810
	Phone: (860) 647-1441	Phone: (203) 704-3111	Phone: (203) 855-2774	Phone: (860) 465-3547	Phone: (203) 207-8980
	Fax: (860) 647-5888	Fax: (203) 704-3055	Fax: (203) 855-4020	Fax: (860) 465-3555	Fax: (203) 207-8970
	Paul Russillo 270 Lafayette Street New Britain, CT 06053	James Laban 55 West Main Street Meriden, CT 06450	Evelyn Balamaci 1642 Bedford Street Stamford, CT 06905		Marc Paletsky 62 Commerical Boulevard Torrington, CT 06790
	Phone: (860) 612-3457	Phone: (203) 630-6060	Phone: (203) 251-9311		Phone: (860) 496-6960
	Fax: (860) 612-3505	Fax: (203) 630-6099	Fax: (203) 251-9310		Fax: (860) 496-6977
	Beverly Miller 45 North Main Street Bristol, CT 06010				
	Phone: (860) 314-6558				
	Fax: (860) 314-6550				

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DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
JFK Federal Building, Government Center
Room 2325
Boston, Massachusetts 02203



CENTERS for MEDICARE & MEDICAID SERVICES

E. Weisman

Division of Medicaid and State Operations / Region I

March 6, 2002

Mr. Michael Starkowski
Deputy Commissioner
State of Connecticut
Department of Social Services
25 Sigourney Street
Hartford, CT 06106-5033

Dear Mr. Starkowski:

We are pleased to inform you that Connecticut State Plan Amendment TN 01-010, which was received by this office on September 28, 2001, was approved on February 12, 2002 for incorporation into the official Connecticut State Plan.

This amendment, which was effective October 1, 2001, provided additional Disproportionate Share payments for short-term general hospitals that provide uncompensated care and additional Disproportionate Share payments for short-term general hospitals in distressed municipalities that provided uncompensated care. Our review of your submittal was conducted in accordance with the requirements of sections 1902(a)(13) and 1902(a)(30) of the Social Security Act and the implementing Federal regulations.

If you have any further questions, please contact Robert Parris at 617-565-1242.

Sincerely,

A handwritten signature in cursive script that reads "Ronald Preston for".

Ronald Preston,
Associate Regional Administrator